



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/17/2006

GAIN Report Number: MX6023

Mexico

Agricultural Situation

Weekly Highlights and Hot Bites #11

2006

Approved by:

David J. Williams
U.S. Embassy

Prepared by:

Benjamin Juarez, Dulce Flores, Garbriel Hernandez, Salvador Trejo, and Jeff Nawn

Report Highlights:

- GOM AUTHORIZES 198,000 MT OF CORN IMPORTS
- MEXICO ASKS FOR MANDATORY NOTIFICATION FOR LMOs
- U.S. FRUCTOSE COMPANIES DEMAND COMPENSATION
- MEXICAN BORDER REMAINS OPEN DESPITE NEW BSE CASE
- WALDO'S GROWS BY 42%
- SECRETARIAT OF ECONOMY CONTINUES ANTIDUMPING INVESTIGATION OF U.S. RICE
- SUPERMARKETS PACKAGE THE DISCOUNTS

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

GOM AUTHORIZES 198,000 MT OF CORN IMPORTS

Ramon Barajas-Lopez, General Secretary of the Agrarian League and member of the National Corn Growers Council, confirmed that the GOM has authorized 198,000 MT of corn imports. This authorization has generated both dismay and dissent amongst Sinaloa corn producers since their first crop of the year will be ready in less than one month. Barajas indicated that a number of farm organizations have already registered their complaints with the Secretary of the Economy, who authorized the imports, and asked that the GOM not approve any additional import volumes. (Source: El Debate; 03/13/2006)

MEXICO ASKS FOR MANDATORY NOTIFICATION FOR LMOs

During the third Meeting of the Conference of the Parties of the Convention on Biological Diversity, Mexico's official delegation proposed that the countries be obligated to inform of the trans-border movement of any living modified organism to be used for human consumption, animal feed, or processing. The Mexican Secretary of Health commented that this measure would help to ensure the safe transfer and proper use of these products. (Source: La Jornada: 03/15/2006)

U.S. FRUCTOSE COMPANIES DEMAND COMPENSATION

Three U.S. fructose companies, CPI, ADM and Cargill, demanded that the Government of Mexico compensate them for \$1 billion for damages originating from the imposition of the special tax on the use of fructose in beverages. Hugo Perezcano, General Director of the Legal Department in the Ministry of Economy, commented that this issue is being resolved within NAFTA dispute settlement panels, and that the WTO ruling does not bind Mexico to respond to those demands. If the NAFTA procedures find in favor of the U.S., Mexico will be obligated to pay the damages. (Reforma 03/09/06)

MEXICAN BORDER REMAINS OPEN DESPITE NEW BSE CASE

Despite the recent Alabama mad-cow disease (BSE) case, Mexico will continue importing U.S. bone-in meat. International sanitary provisions, observed by Mexico, allow for foreign trade even in the presence of new BSE cases, reported the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA). "The status—allowing the imports of such products—remains the same. However, if the U.S. ceases the implementation of the OIE provisions, Mexico would change their policy immediately," affirmed SAGARPA's speaker Martin Guardian. The OIE provisions establish a formula that determines the maximum number of occurrences of BSE cases that can exist in the U.S. without hampering international trade. While SAGARPA declined to disclose the maximum number of allowable cases, the Mexican Meat Council (COMECARNE) reported that no more than ten BSE cases are permitted under the current protocol. "SAGARPA informed us that the border is not expected to be closed due to fact that we are within the range of tolerance; the range can include up to 10 BSE cases without closing the border," said COMECARNE director Eugenio Salinas. However, the government decision was not fully accepted by the meat industry. Adolfo Duran, president of the meat branch within the National Transformation Industry Chamber (CANACINTRA), declared that in light of the new BSE case, it would be advisable to impose trade restrictions on imports of U.S. bone-in meat in order to avoid the occurrence of a BSE case in Mexico. (Source: REFORMA; 03/15/2006)

WALDO'S GROWS BY 42%

The U.S chain, Waldo's Mart, plans to expand by 42% in Mexico during 2006. This year they will invest \$69 million in opening 96 stores throughout the country. The chain has also initiated an aggressive growth strategy, which will result in the opening of another 100 stores annually from now until 2008. (*Reforma*, 3/13/06)

SECRETARIAT OF ECONOMY CONTINUES ANTIDUMPING INVESTIGATION OF U.S. RICE

For the past three months the Mexican Rice Producers Council (CMA) has been asking the Secretariat of Economy (SE) to continue the antidumping investigation against white rice imported from the United States. The CMA has also requested that Economia use a different methodology to prove injury to Mexican rice producers. CMA is convinced that a new methodology, similar to one used by Uruguay, will result in a favorable outcome for Mexican rice producers. (Source: *El Financiero*, 03/16/06)

SUPERMARKETS PACKAGE THE DISCOUNTS

Mexican supermarket chains like Gigante, Soriana, and Comercial Mexicana have initiated a new strategy of combining two or three products in a package, resulting in discounts of between 16 and 33 percent. The goal is to increase sales while securing a savings for customers. The promotional packages include complimentary combinations like powdered milk and diapers, canned tuna with canned peas, and toothpaste with soap. Chain executives and analysts admit that the success of this strategy will rely on three factors: 1) The products must be cheaper when sold together; 2) Suppliers must be willing to renegotiate prices; and 3) Overall sales must increase. Wal Mart, whose philosophy is to maintain low prices on all products, is not using this promotional practice. (ATO Mexico City)

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX6022	Mexico Rice Antidumping Case	3/16/06
MX6021	Stone Fruit Annual	3/15/06
MX6020	Weekly Highlights and Hot Bites #10	3/13/06
MX6019	Grain & Feed Annual Report	3/8/06
MX6018	Weekly Highlights and Hot Bites #9	3/3/06
MX6017	Weekly Highlights and Hot Bites #8	2/27
MX6016	Weekly Highlights and Hot Bites #7	2/17/06

We are available at <http://www.fas-la.com/mexico> or visit our headquarters' home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

FAS/MEXICO EMAIL

To reach us at FAS/Mexico:

AgMexico@usda.gov, ATOMexico@usda.gov, or
ATOMonterrey@usda.gov